



The Children's Place, Inc.

## 2Q20 Results: Pressured by BTS and Expected Weak Holiday

**Challenges persist for remainder of 2020.** While pent-up demand helped 2Q20, the pressured outlook for net sales down 25%-30% in Q3 and additional challenges around the holiday selling period in Q4 is worse than feared. With limited pricing power, a highly promotional kids sector, and lack of need for back-to-school apparel and accessories, PLCE's recovery prospects for 2H are dim. PLCE is continuing to shift towards an ecommerce heavy model (digital sales +118%) and is rapidly reducing its store footprint (2Q20 ending units of 824 down 14% y/y). Although PLCE is taking the necessary steps to transform its business, there are significant risks to both sales as well as the ability to recapture lost margin in FY21 given the reduced footprint, the strength of competition in the mass channel, shipping surcharges, weak demand for kids clothing, and overall consumer macro headwinds. In reaction at 1:30 pm ET, PLCE is -18% vs. S&P 500 flat.

**2Q20 Results.** Before market on 8/25, PLCE reported 1Q20 Adj. EPS of -\$1.48 vs consensus/Barclays of -\$1.06/-\$1.28, driven by slightly lower sales and worse GM (ship-from-store/liquidation sales from closed stores). A significant negative impact to back-to-school sales is likely to result in 3Q20 sales down 25%-30%. Of this amount, 10% was from permanent and temporarily closed stores and reduced shopping hours.

**We lower estimates and lower our PT to \$18 (from \$43):** Our 3Q20, FY20, FY21, and FY22 sales estimates are \$369mn, \$1.4bn, \$1.5bn, and \$1.5bn, down from our prior \$494mn, \$1.6bn, \$1.7bn, and \$1.7bn, driven by a slower rate of sales recovery. Our 3Q20, FY20, FY21, and FY22 EPS estimates are \$0.38, -\$3.25, \$2.02, and \$2.58, from our prior \$2.16, -\$0.37, \$3.30, and \$4.36, driven by the reduced sales, gross margin pressure, and SG&A deleverage. Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS of \$2.58. Our prior price target of \$43 was based on an NTM P/E multiple of 13x applied to our prior CY21 EPS of \$3.30. We are shifting out our target EPS by a year as well as lowering our multiple given the slower recovery outlook.

### PLCE: Quarterly and Annual EPS (USD)

FY Jan	2019		2020		2021		Change y/y		
	Actual	Old	New	Cons	Old	New	Cons	2020	2021
Q1	0.36A	-1.96A	-1.96A	-1.96A	-0.13E	-0.21E	-0.36E	N/A	89%
Q2	0.19A	-1.28E	-1.48A	-1.06E	-0.01E	-0.29E	0.03E	N/A	80%
Q3	3.03A	2.16E	0.38E	2.17E	2.32E	1.68E	2.47E	-87%	342%
Q4	1.85A	0.70E	-0.20E	1.03E	1.12E	0.85E	1.39E	N/A	525%
Year	5.36A	-0.37E	-3.25E	0.20E	3.30E	2.02E	3.55E	N/A	162%
P/E	4.4		N/A			11.5			

Source: Barclays Research.

Consensus numbers are from Bloomberg received on 25-Aug-2020; 12:50 GMT

Completed: 25-Aug-20, 18:34 GMT Released: 25-Aug-20, 18:37 GMT

### Equity Research

Retail | U.S. Specialty Retail, Apparel & E-

Commerce

25 August 2020

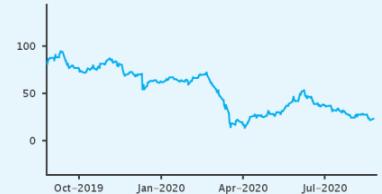
Stock Rating	<b>EQUAL WEIGHT</b>
	Unchanged
Industry View	<b>NEUTRAL</b>
	Unchanged
Price Target	<b>USD 18.00</b>
	lowered -58% from USD 43.00

Price (24-Aug-2020)	USD 23.31
Potential Upside/Downside	-22.8%
Tickers	PLCE

Market Cap (USD mn)	340
Shares Outstanding (mn)	14.59
Free Float (%)	93.76
52 Wk Avg Daily Volume (mn)	0.9
Dividend Yield (%)	N/A
Return on Equity TTM (%)	-23.87
Current BVPS (USD)	7.23

Source: Bloomberg

Price Performance	Exchange-Nasdaq
52 Week range	USD 95.53-9.25



Source: IDC; [Link to Barclays Live for interactive charting](#)

### U.S. Specialty Retail, Apparel & E-Commerce

Adrienne Yih

+1 212 526 5257

adrienne.yih@barclays.com

BCI, US

Paul Kearney

+1 212 526 1964

paul.kearney@barclays.com

BCI, US

Cory McHattie

+1 212 526 7166

cory.mchattie@barclays.com

BCI, US

**Exhibit**

**12**

**DX-024**

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 17.

Barclays | The Children's Place, Inc.

U.S. Specialty Retail, Apparel &amp; E-Commerce

Industry View: NEUTRAL

## The Children's Place, Inc. (PLCE)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR	Price (24-Aug-2020)	USD 23.31
Revenue	1,871	1,418	1,522	1,472	-7.7%	Price Target	USD 18.00
EBITDA (adj)	183	10	106	118	-13.7%	Why Equal Weight? Our rating is based on: the lack of visibility given the environment as well as the ability to regain lost margin given the reduced sales footprint from exiting stores. On the other side of the COVID-19 crisis, we are encouraged by the early success with the relaunch of Gymboree and PLCE's position as a dedicated children's value specialty retailer.	
EBIT (adj)	111	-55	44	56	-20.7%		
Pre-tax income (adj)	103	-64	37	47	-23.0%		
Net income (adj)	84	-48	30	38	-23.3%		
EPS (adj) (\$)	5.36	-3.25	2.02	2.58	-21.6%		
Diluted shares (mn)	16	15	15	15	-2.2%		
DPS (\$)	2.24	0.00	0.00	0.00	-100.0%		
Margin and return data					Average	Upside case	USD 28.00
EBITDA (adj) margin (%)	9.8	0.7	7.0	8.0	6.4	Our upside case of \$28 is based on an NTM P/E multiple of 10x applied to our CY22 earnings power of \$2.84 and assumes successful market share gains from Gymboree launch as well as continued growth of The Children's Place brand.	
EBIT (adj) margin (%)	6.0	-3.8	2.9	3.8	2.2		
Pre-tax (adj) margin (%)	5.5	-4.5	2.4	3.2	1.7		
Net (adj) margin (%)	4.5	-3.4	1.9	2.6	1.4		
ROIC (%)	19.7	-16.7	14.6	21.1	9.7		
ROA (%)	7.1	-4.4	2.7	3.3	2.2		
ROE (%)	35.7	-74.1	31.6	28.7	5.5		
Balance sheet and cash flow (\$mn)					CAGR	Downside case	USD 12.00
Tangible fixed assets	631	500	463	426	-12.2%	Our downside case of \$12 is based on an NTM P/E multiple of 6x applied to our CY22 earnings power of \$1.94 and assumes a significant slowdown in consumer spending, and prolonged contraction of both historical multiples and margin.	
Cash and equivalents	68	60	116	185	39.2%		
Total assets	1,181	1,075	1,109	1,146	-1.0%		
Short and long-term debt	605	666	666	666	3.3%		
Other long-term liabilities	33	35	35	35	2.7%		
Total liabilities	946	1,011	1,015	1,014	2.3%		
Net debt/(funds)	536	606	550	481	-3.5%		
Shareholders' equity	235	64	94	132	-17.6%		
Change in working capital	-249	-171	66	75	N/A		
Cash flow from operations	178	-49	81	94	-19.1%		
Capital expenditure	-58	-24	-26	-25	N/A		
Free cash flow	120	-73	56	69	-16.8%		
Valuation and leverage metrics					Average	Upside/Downside scenarios	
P/E (adj) (x)	4.4	N/A	11.5	9.0	8.3	Price History	
EV/sales (x)	0.5	0.7	0.6	0.6	0.6	Prior 12 months	
EV/EBITDA (adj) (x)	4.8	97.9	8.4	7.0	29.5	High	
FCF yield (%)	13.7	-7.8	6.2	8.4	5.2		
P/BV (x)	1.6	5.3	3.6	2.6	3.3	Next 12 months	
Dividend yield (%)	9.6	0.0	0.0	0.0	2.4	Upside	
Total debt/capital (%)	51.2	61.9	60.1	58.1	57.8		
Selected operating metrics					Average		
Sales growth (%)	-3.5	-24.2	7.3	-3.3	-5.9		
Same store sales growth (%)	-2.7	-10.0	21.3	2.0	2.6		
Number of stores	924	724	624	604	719		
Square footage growth (%)	-4.4	-22.1	-13.0	-2.7	-10.6		
Inventory growth (%)	7.8	-14.0	2.4	-0.4	-1.0		

Source: Company data, Bloomberg, Barclays Research

Note: FY End Jan

## Summary Results

### Retail Earnings Quality Score Methodology

Our quality-of-earnings metric called the Retail Earnings Quality Score, or “REQ Score,” ranks a retailer on a scale from 0 to 10 out of a total possible 10 points for “perfect” earnings quality. Our REQ Score metric assesses the health and quality of a retailer’s quarterly earnings report by assigning point values to a “beat” (relative to expectations). Based on our construct, the REQ Score ranks an EPS beat or miss based on eight criteria, and each has a maximum REQ point score of either 1 or 2 points depending on the importance we place on that metric in driving EPS. The eight criteria are as follows: 1) Total Sales (1 point), 2) Comp Sales (2 points), 3) Gross Margin (2 points), 4) SG&A/Operating Expense (1 point), 5) Share Repurchase (1 point), 6) EPS (1 point), 7) Positive Sales-to-Inventory Spread (1 point), and 8) Increasing Operating Margin Return on Inventory Investment (OMROI) (1 point). We place the greatest weight on an EPS beat driven by upside to Comp Sales and Gross Margin, as we believe these are the output metrics signaling traction with customers and indicative of market share gains. We do not give any credit to upside from a better-than-expected tax rate or FX benefits. The scoring system is binary, meaning if a retailer beats on a particular criterion, they receive the maximum achievable points – either a “1” or “2”. Our only exception is on the Comp Sales criteria; given that we believe sustained positive comps are the single biggest indication of brand health, if a retailer beats a negative comp, we only allocate 1 point, but if they beat a positive comp, they get the full 2 points. If they do not beat, they receive a score of “0” for that particular metric.

FIGURE 1  
PLCE FY2Q20 Retail Earnings Quality Score (in \$millions, except per share data)

2Q20	Barclays	Consensus	LY	Actual	Act vs Barclays	Act vs Cons	Act vs LY	REQ Score	REQ Score Max Points
Sales (\$)	\$375.5	\$375.7	\$420.5	\$368.9	-\$6.6	-\$6.7	-\$51.5	0	1
Comp (%)	-5.0%	-9.1%	-3.8%	NA	NA	NA	NA	NA	NA
Gross Margin (%)	26.5%	26.7%	33.0%	25.4%	-1.1%	-1.3%	-7.6%	0	2
Op Expenses (%)	27.5%	32.5%	27.5%	28.1%	0.6%	-4.4%	0.6%	1	1
EBIT (\$)	(\$21.3)	(\$21.7)	\$5.8	(\$25.2)	(\$4.0)	(\$3.5)	(\$31.1)	NA	NA
Operating Margin (%)	-5.7%	-5.8%	1.4%	-6.8%	-1.2%	-1.1%	-8.2%	NA	NA
Tax Rate (%)	20.0%	na	15.9%	22.2%	2.2%	na	6.3%	NA	NA
FD Shares (M)	14.6	na	15.9	14.6	0.0	na	-1.2	0	1
EPS (\$)	-\$1.28	-\$1.06	\$0.19	-\$1.48	-\$0.20	-\$0.42	-\$1.67	0	1
Positive IM Spread	NA	NA	NA	NA	NA	NA	NA	0	1
Increasing OMROI	NA	NA	NA	NA	NA	NA	NA	0	1
RETAIL EARNINGS QUALITY SCORE								1	8

Source: Company data, Bloomberg consensus, Barclays Research.

Barclays | The Children's Place, Inc.

## VARIANCE

FIGURE 2  
PLCE Variance Table

	Last Year 2Q19A	Actual 2Q20A	Barclays 2Q20E	Δ Actual - Est.		Last Year 2Q19A	Actual 2Q20A	Barclays 2Q20E
<b>Adjusted P&amp;L (\$mm)</b>								
Total Revenue	\$420.5	\$368.9	\$375.4	-1.7%	Gross Margin (%)	33.0%	25.4%	26.5%
Adj. COGs	\$282	\$275	\$276	-0.2%	SG&A Rate (%)	27.5%	28.1%	27.5%
Adj Gross Profit	\$139	\$94	\$100	-5.8%	D&A (%)	4.2%	4.2%	4.7%
Adj. SG&A	\$115	\$103	\$103	0.4%	Operating Margin (%)	1.4%	-6.8%	-5.7%
D&A	\$18	\$16	\$18	-12.6%	EBT Margin (%)	0.8%	-7.6%	-6.2%
Adj. Operating Expenses	\$133	\$119	\$121	-1.5%	Net Margin (%)	0.7%	-5.9%	-5.0%
Adj. Operating income	\$6	-\$25	-\$21	18.7%	Tax Rate (%)	15.9%	22.2%	20.0%
Interest Expense (Income)	\$2	\$3	\$2	28.0%	<b>Y/Y Change in Margin</b>			
Adj Pre-tax Income	\$4	-\$28	-\$23	19.5%	Gross Margin (%)	-1.47%	-7.61%	-6.50%
Income taxes (adjusted)	\$1	-\$6	-\$5	32.6%	SG&A Rate (%)	0.17%	0.59%	0.00%
Adj Net Income	\$3.0	-\$21.7	-\$18.7	16.2%	D&A (%)	0.48%	0.03%	0.55%
EPS (adjusted, diluted)	\$0.19	-\$1.48	-\$1.28	16.0%	Operating Margin (%)	-2.12%	-8.23%	-7.05%
Average Diluted Shares Out	15.86	14.63	14.61	0.2%	EBT Margin (%)	-2.45%	-8.40%	-7.06%
					Net Margin (%)	-1.89%	-6.59%	-5.68%
					Tax Rate (%)	-5.15%	6.33%	4.14%
<b>Y/Y Growth</b>								
Sales Gain (%)	-6%	-12%	-10.7%					
Gross Margin (%)	-10%	-32%	-28.3%					
SG&A (%)	-6%	-10%	-10.7%					
Operating Income (%)	-63%	-533%	-465.1%					
EBT Income (%)	-76%	-886%	-757.4%					
Net Income (%)	-74%	-826%	-725.0%					
EPS (%)	-73%	-887%	-778.4%					

Source: Barclays Research, Company Filings

Barclays | The Children's Place, Inc.

## MODEL CHANGES

FIGURE 3  
PLCE Model Changes

(\$mm, except per share)	New						Old					Consensus						
	2Q20A	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E
Total Revenue	\$369	\$378	\$417	\$1,418	\$1,522	\$1,472	\$376	\$494	\$475	\$1,599	\$1,716	\$1,724	\$376	\$483	\$479	\$1,592	\$1,652	\$1,801
Total Gross Profit	\$94	\$131	\$119	\$412	\$504	\$487	\$100	\$172	\$145	\$484	\$565	\$569	101	172	148	489	556	595
SG&A	\$103	\$107	\$104	\$403	\$398	\$370	\$103	\$112	\$112	\$415	\$427	\$410	123	129	125	486	480	509
Adj. Operating income	-\$25	\$9	-\$1	-\$55	\$44	\$56	-\$21	\$42	\$15	-\$2	\$67	\$88	-22	\$42	\$22	\$3	\$75	\$87
Adj Net Income	-\$22	\$6	-\$3	-\$48	\$30	\$38	-\$19	\$32	\$10	-\$5	\$48	\$64	-\$18	\$31	\$16	\$0	\$52	\$60
EPS (adjusted, diluted)	\$1.48	\$0.38	-\$0.20	-\$3.25	\$2.02	\$2.58	\$1.28	\$2.16	\$0.70	-\$0.37	\$3.30	\$4.36	-\$1.06	\$2.17	\$1.03	\$0.20	\$3.55	\$4.25
(%)						(%)						(%)						
Total Revenue	-2%	-24%	-12%	-11%	-11%	-15%	-2%	-22%	-13%	-11%	-8%	-18%	-6%	-24%	-19%	-16%	-9%	-18%
Total Gross Profit	-6%	-24%	-18%	-15%	-11%	-14%	-7%	-24%	-19%	-16%	-9%	-18%	0%	-5%	-7%	-3%	-7%	-10%
SG&A	0%	-5%	-7%	-3%	-7%	-10%	-16%	-17%	-17%	-17%	-17%	-27%	19%	-78%	-106%	3019%	-35%	-37%
Adj. Operating income	19%	-78%	-106%	3019%	-35%	-37%	-15%	-78%	-104%	NM	-42%	-36%	16%	-82%	-129%	771%	-39%	-41%
Adj Net Income	16%	-82%	-129%	770%	-39%	-41%	-21%	-82%	-118%	NM	-43%	-37%	16%	-82%	-129%	NM	-43%	-39%
EPS (adjusted, diluted)	16%	-82%	-129%	770%	-39%	-41%	-40%	-82%	-119%	NM	-43%	-39%						

Source: Barclays Research, Bloomberg

## Investment Thesis

---

### Maintaining PLCE at Equal Weight

Based on our qualitative BRICK analysis and quantitative PRISM 360° model, we maintain our rating of PLCE at Equal Weight due to the lack of visibility given the environment and shift to an e-commerce heavy model. Although PLCE is taking the necessary steps to transform its business, there are significant risks to both sales as well as the ability to recapture lost margin in FY21 given the reduced footprint, the strength of competition in the mass channel, shipping surcharges, weak demand for kids clothing, and overall consumer macro headwinds.

### PRISM Curve Analysis

We believe PLCE is in the “ESCAPE” phase, where it is emerging from more than a year of margin pressure from Gymboree’s exit from the market place. After being squarely in the “HUNT” phase while pursuing market share in 2016 and 2017, PLCE entered a prolonged period of comp and margin pressure that began in FY1Q18. During 2018, it deliberately chose to lower prices with aggressive discounting to take share from ailing Gymboree as it was in the process of liquidating the business. PLCE is on pace to exit 200 stores in FY20 and an additional 100 stores in FY21, as it shifts out of unprofitable locations and increases ecommerce capabilities.

### Inventory Analysis

Based on our proprietary inventory analysis, PLCE has posted fourteen consecutive quarters of negative sales-to-inventory growth. In FY2Q20 the Inventory Management Spread was (1081) basis points and improved from the prior quarter. PLCE's GMROI has declined for ten consecutive quarters, and its OMROI has declined for two consecutive quarters.

## Investment Conclusion

---

### Stock Performance

In reaction to earnings and as of 1:30pm ET (8/25/20), PLCE is -18% vs. the S&P 500 flat. Since the last quarterly results on 6/11/20 through 8/25/20, PLCE shares are -58% vs. the S&P 500 +8% and the XRT +21%. YTD through 8/25/20, PLCE shares are -69% vs. the S&P 500 +6% and the XRT +14%. In 2019, PLCE shares were -31% vs. the S&P 500 +29% and the XRT +12%.

### Estimates vs. Consensus

Our PLCE FY3Q20 EPS and Sales estimates are 82.3% below and 21.8% below consensus, respectively. Our FY21 and FY22 EPS estimates are 43.0% below and 39.3% below consensus, respectively. Our FY20, FY21, and FY22 Sales estimates are 10.9% below, 7.8% below, and 18.3% below consensus, respectively.

### Valuation

PLCE is currently trading at a CY21 P/E multiple of 5.7x on Bloomberg consensus estimates, versus its three- and five-year median forward P/E multiples of 14.7x and 15.6x, respectively. Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS estimate of \$2.58. Our prior price target of \$43 was based on an NTM P/E multiple of 13x our prior CY21 EPS estimate of \$3.30. We are rolling forward our target EPS by one year and reducing our multiple given the outlook for a slower sales recovery coupled with margin pressure.

### Risks/Where We Could Be Wrong

Risks to our rating include: 1) reduced consumer demand due to COVID-19, 2) launch of Gymboree product fails to resonate, and 3) pricing pressure in the children's sector, offset by 1) launch of Gymboree brand, 2) dominant player in the affordable children's apparel market, and 3) commitment to rebalancing four-wall profitable stores as sales shift online

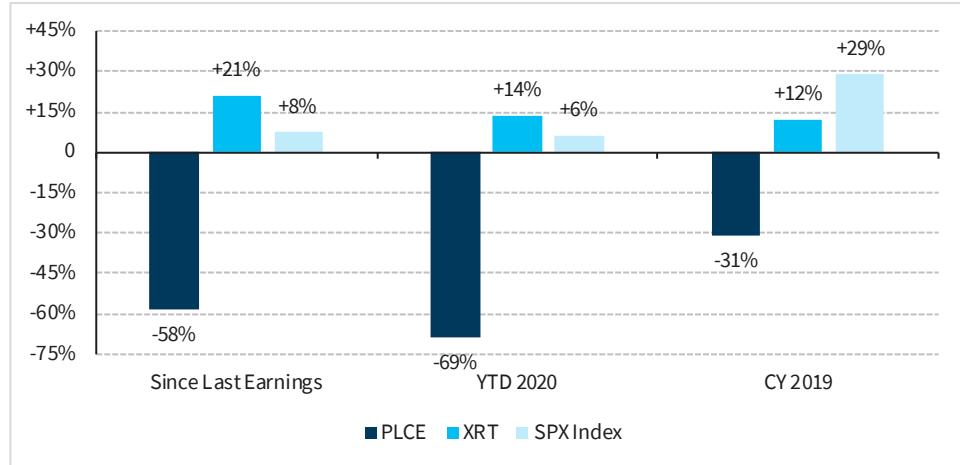
### What Would Make Us Change Our Minds

All else equal, we could become more constructive if: 1) 2H20 holiday sales accelerate, 2) we saw an improvement in promotional cadence through our channel checks, or 3) we saw a positive inventory inflection, with sales growth faster than inventory growth (thereby providing some downside protection on markdowns). Alternatively, we would become more concerned if: 1) the U.S. consumer weakens post the impact of COVID-19, 2) promotional activity ticks up in reaction to increased competitor promotions or 3) the upcoming Gymboree launch fails to resonate with its target audience.

Barclays | The Children's Place, Inc.

## Stock Performance

FIGURE 4  
PLCE Historical Stock Performance



Pricing 8/25/20 as of 1:30pm ET

Source: Bloomberg, Barclays Research

## FY EPS Estimates

FIGURE 5  
PLCE FY EPS (US\$)

	1Q	2Q	3Q	4Q	FY	P/E
2019A	\$0.36A	\$0.19A	\$3.03A	\$1.85E	\$5.36E	3.7x
2020E	(\$1.96)A	(\$1.48)A	\$0.38E	(\$0.20)E	(\$3.25)E	nm
Cons	(\$2.05)	(\$1.06)	\$2.17	\$1.03	\$0.20	
2021E	(\$0.21)E	(\$0.29)	\$1.68E	\$0.85E	\$2.02E	9.7x
Cons	(\$0.36)	\$0.03	\$2.47	\$1.39	\$3.55	
2022E	(\$0.08)E	(\$0.17)	\$1.78E	\$1.05E	\$2.58E	7.6x
Cons	\$0.16	(\$0.06)	\$2.79	\$1.26	\$4.25	

Pricing 8/25/20 as of 1:30pm ET

Fiscal Year End January

Source: Bloomberg Consensus, Barclays Research

Barclays | The Children's Place, Inc.

## Valuation

---

FIGURE 6

## PLCE Historical and Forward Valuation Metrics, 2019A – 2021E

PLCE Stock Price						
8/25/2020	Net Sales	EBITDA	EPS	EV/Sales	EV/EBITDA	P/E
<b>\$19.63</b>						
CY19A	\$1,871	\$183	\$5.36	0.5x	4.8x	3.7x
CY20E	\$1,418	\$10	(\$3.25)	0.6x	90.7x	nm
CY21E	\$1,522	\$106	\$2.02	0.6x	8.3x	9.7x
<b>Sector Average CY20E - Specialty Softlines</b>				<b>2.5x</b>	<b>17.3x</b>	<b>nm</b>

Pricing 8/25/20 as of 1:30pm ET

Fiscal Year End January

Source: Company data; Bloomberg; Barclays Research

FIGURE 7

## Specialty Softlines Sector Comparative Historical and Forward P/E Metrics

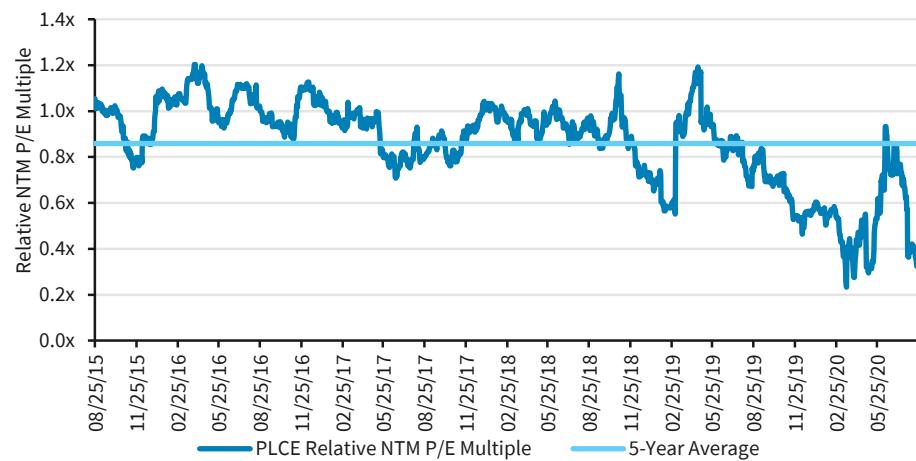
	3-Year Forward			BARCLAYS Estimates				Bloomberg Estimates			
	High	Low	Med	CY19A	CY20E	CY21E	NTM	CY19A	CY20E	CY21E	NTM
AEO	44.7x	6.3x	13.3x	7.6x	nm	10.1x	nm	8.0x	55.5x	18.6x	34.0x
CPRI	16.7x	1.7x	9.1x	3.9x	11.6x	6.8x	8.8x	3.7x	nm	6.4x	nm
GPS	132.2x	5.0x	10.7x	8.6x	nm	17.9x	nm	9.1x	nm	15.4x	nm
GOOS	81.0x	13.2x	43.6x	18.0x	50.5x	20.5x	33.0x	24.4x	59.1x	19.1x	35.8x
JWN	107.0x	5.2x	13.7x	4.5x	nm	7.9x	nm	4.7x	nm	12.0x	nm
LB	43.6x	5.1x	11.3x	13.4x	25.5x	12.7x	18.0x	14.1x	36.8x	16.0x	24.7x
LULU	73.2x	23.0x	37.3x	76.6x	85.6x	59.9x	70.6x	82.8x	90.5x	64.4x	75.3x
PLCE	22.0x	3.4x	14.7x	3.7x	nm	9.7x	nm	4.4x	64.0x	5.7x	30.0x
TPR	23.1x	5.0x	12.8x	8.5x	10.6x	7.6x	8.9x	6.4x	47.0x	6.9x	23.6x
URBN	152.1x	7.3x	14.2x	10.4x	nm	14.6x	nm	9.9x	nm	21.0x	nm
<b>Average</b>	<b>69.6x</b>	<b>7.5x</b>	<b>18.1x</b>	<b>15.5x</b>	<b>36.8x</b>	<b>16.8x</b>	<b>27.9x</b>	<b>16.7x</b>	<b>58.8x</b>	<b>18.6x</b>	<b>37.2x</b>
SPX Index	25.1x	13.9x	17.2x					26.4x	20.8x	17.8x	23.6x
Vs. SPX	177%	-46%	5%								

Pricing 8/25/20 as of 1:30pm ET

Source: Company data; Bloomberg; Barclays Research

Barclays | The Children's Place, Inc.

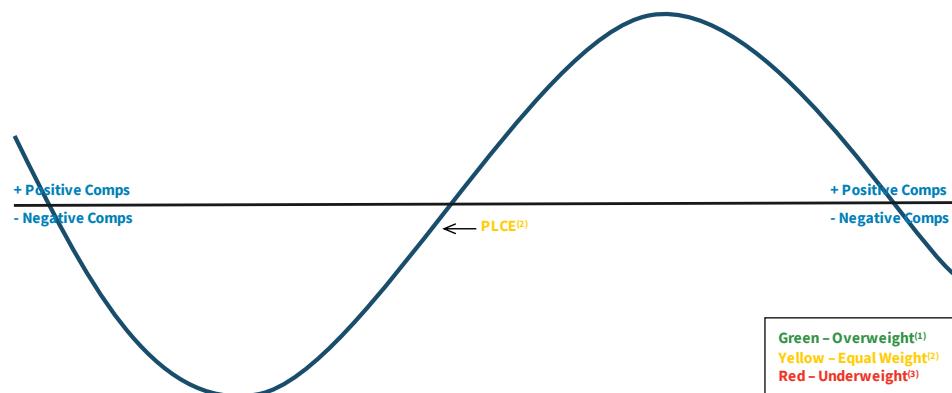
FIGURE 8  
PLCE 5-Year Relative NTM P/E Multiple vs. S&P 500 NTM P/E Multiple



Pricing as 8/25/20 as of 1:30pm ET.

Source: Bloomberg, Barclays Research

## PRISM Curve

FIGURE 9  
PLCE PRISM Curve

Note: (1) Overweight (Green); (2) Equal Weight (Yellow); (3) Underweight (Red)

Source: Barclays Research

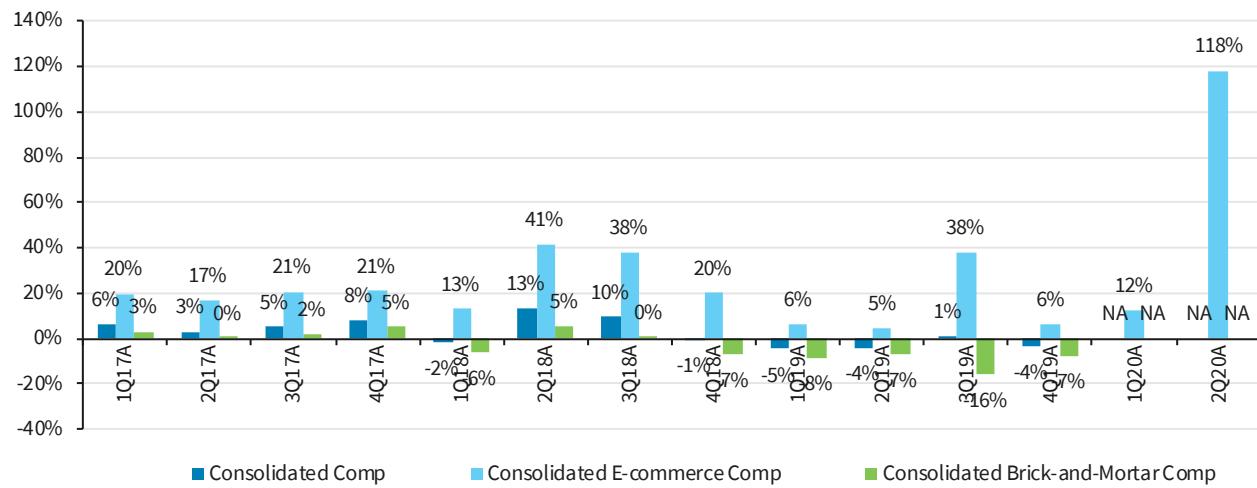
Barclays | The Children's Place, Inc.

## Comp Deconstruction by Channel

These days, retailers report consolidated comps that combine both brick-and-mortar and e-commerce comps. We believe it is imperative to deconstruct the consolidated comp into its brick-and-mortar and e-commerce channel components. Only this way can one determine whether a retailer is experiencing sales deleverage. If brick-and-mortar comps are negative and below a company's breakeven comp, there is sales deleverage that is eroding margins.

By knowing: 1) a company's fixed-cost breakeven comp on Rent, Occupancy, Depreciation ("ROD") in the cost of goods line and 2) the breakeven comp for SG&A, one can assess the level of deleverage occurring by deconstructing comp into its brick-and-mortar and e-commerce comps.

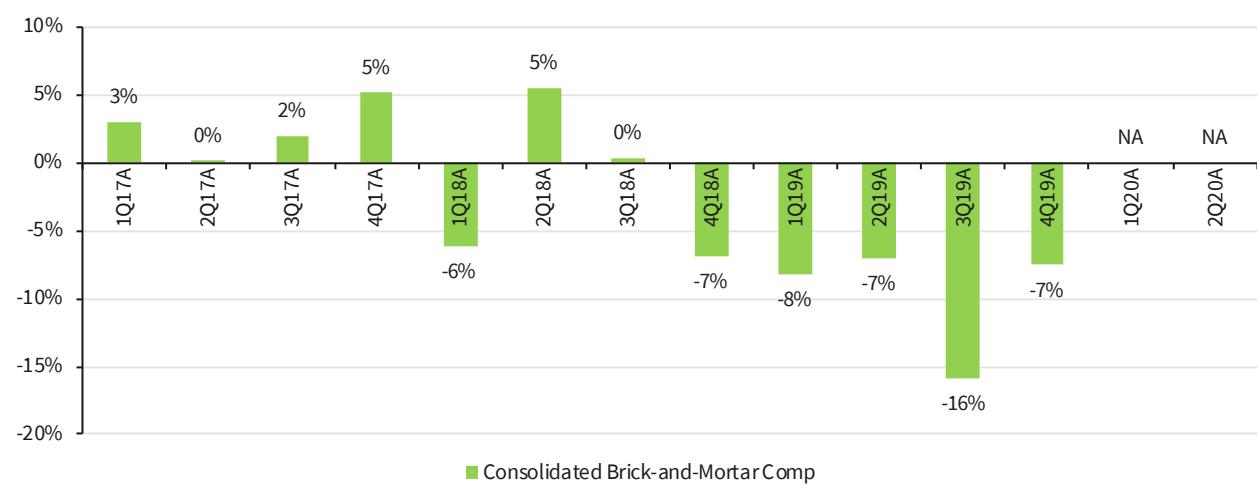
FIGURE 10  
PLCE Historical Comps by Channel: Brick-and-Mortar vs. E-Commerce



Fiscal Year End January

Source: Company data; Barclays Research

FIGURE 11  
PLCE Historical Comps by Channel: Brick-and-Mortar Only



Fiscal Year End January

Source: Company data; Barclays Research

Barclays | The Children's Place, Inc.

## Inventory Management Spread, GMROI, and OMROI

Inventory productivity is at the heart of our analytical process when evaluating retailers. We use three key metrics: 1) sales dollar growth minus inventory dollar growth, which we call the Inventory Management Spread ("IM Spread"), 2) Gross Margin Return on Inventory Investment ("GMROI"), and 3) Operating Margin Return on Inventory ("OMROI"). GMROI measures the amount inventory returns above its cost and indicates the health of the generated sales. In other words, for every dollar a company invests in inventory at cost, GMROI measures the multiple that it returns to profitability on the income statement. As e-commerce grows, it distorts the impact on GM and OM. As such, we now place greater weight on OMROI to assess inventory productivity as OM accounts for the impact of channel mix shift.

FIGURE 12

PLCE Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY1Q08A – Present

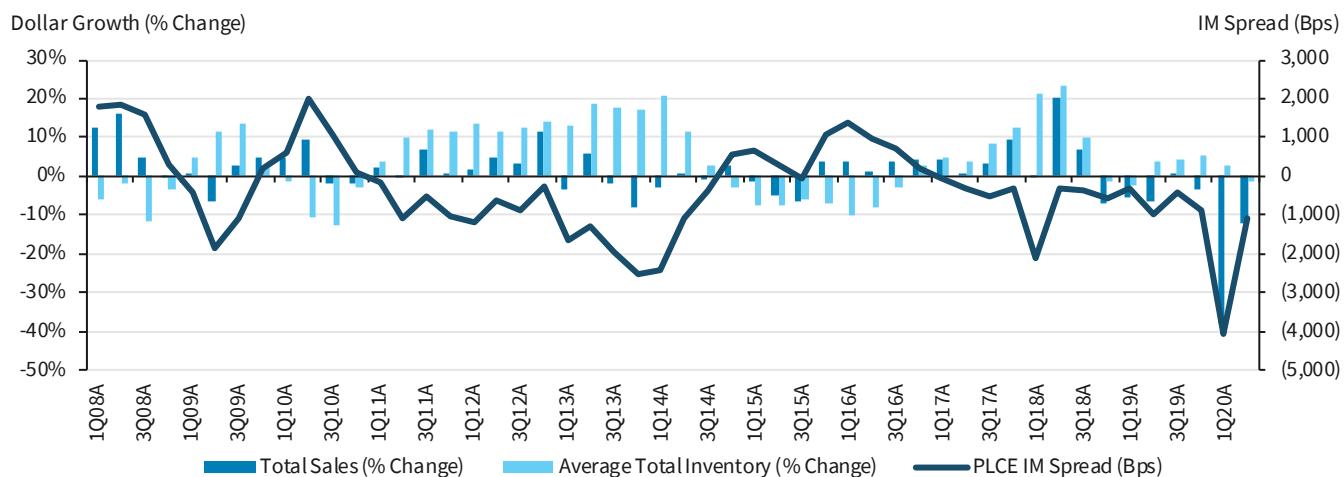
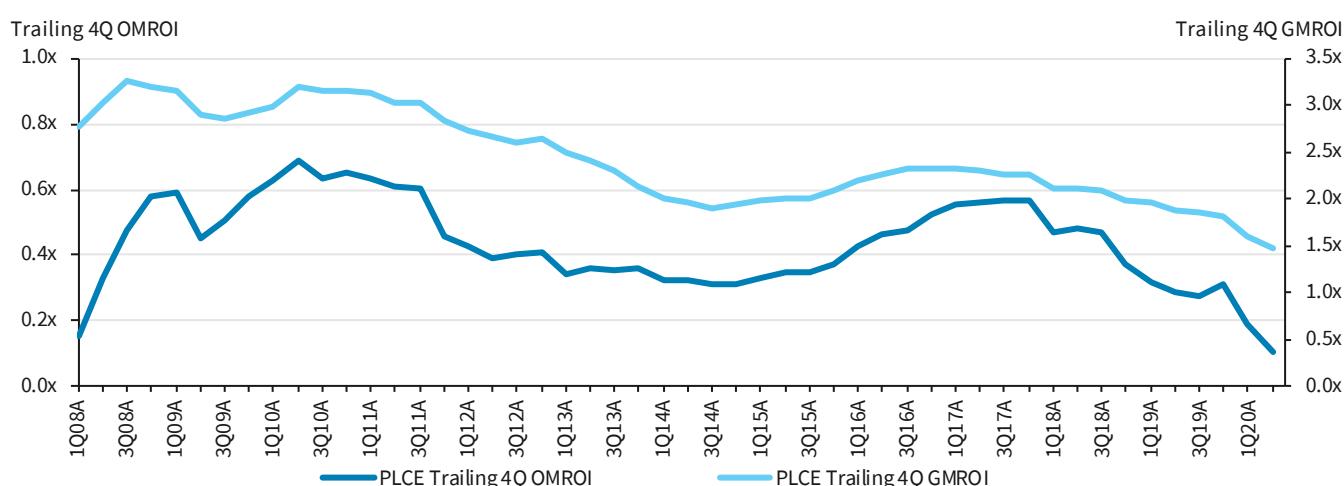


FIGURE 13

PLCE Historical GMROI/OMROI Analysis, FY1Q08A – Present



## Historical Comps

---

FIGURE 14  
PLCE Historical Comps (% Change over LY)

	1Q	2Q	3Q	4Q	Year
2020A	NA	NA			
2019A	-4.6	-3.8	0.8	-3.6	-2.7
2018A	-1.8	13.2	9.5	-0.6	4.6
2017A	6.1	3.1	5.1	8.2	5.8
2016A	5.1	2.4	4.6	6.9	4.9
2015A	0.7	-3.5	-3.0	6.7	0.4
2014A	-3.6	0.8	0.2	3.7	0.4
2013A	-5.5	-0.4	-0.7	-4.3	-2.8
2012A	-0.7	3.4	1.1	4.3	2.0
2011A	-3.2	-5.6	0.9	-2.7	-2.5
2010A	-0.5	4.7	-5.7	-5.9	-2.5

Fiscal Year End January

Source: Company data; Barclays Research

Barclays | The Children's Place, Inc.

## QUARTERLY P&amp;L

The Children's Place, Inc.

PLCE

Income Statement

FYE: JAN

(\$ in millions)

	FY18A	1QA Apr-19	2QA Jul-19	3QA Oct-19	4QA Jan-20	FY19A	1QA Apr-20	2QA Jul-20	3QE Oct-20	4QE Jan-21	FY20E	1QE Apr-21	2QE Jul-21	3QE Oct-21	4QE Jan-22	FY21E	FY22E
<b>Net Sales</b>	<b>1,938.195</b>	<b>412.382</b>	<b>420.470</b>	<b>524.796</b>	<b>513.020</b>	<b>1,870.668</b>	<b>255.207</b>	<b>368.923</b>	<b>377.615</b>	<b>416.688</b>	<b>1,418.433</b>	<b>327.438</b>	<b>343.333</b>	<b>412.750</b>	<b>438.803</b>	<b>1,522.324</b>	<b>1,471.705</b>
Cost of Sales (exclusive of D&A)	1,250.656	260.956	281.624	326.671	346.148	1,215.399	186.817	275.166	246.383	297.818	1,006.184	216.771	235.479	261.053	304.848	1,018.151	984.595
<b>Gross Profit</b>	<b>687.539</b>	<b>151.426</b>	<b>138.846</b>	<b>198.125</b>	<b>166.872</b>	<b>655.269</b>	<b>68.390</b>	<b>93.757</b>	<b>131.232</b>	<b>118.870</b>	<b>412.249</b>	<b>110.667</b>	<b>107.854</b>	<b>151.697</b>	<b>133.955</b>	<b>504.173</b>	<b>487.111</b>
Selling, General & Administrative Expenses	491.297	127.176	115.468	116.643	113.025	472.312	88.189	103.499	106.587	104.302	402.577	96.777	96.320	104.122	101.062	398.281	369.507
Asset Impairment Charges	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Costs/DC Exit Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and Amortization	67.673	17.616	17.550	18.044	18.433	71.643	17.747	15.505	15.505	15.505	64.262	15.505	15.505	15.505	15.505	62.020	62.020
<b>Adjusted Operating Income (Loss)</b>	<b>128.569</b>	<b>6.634</b>	<b>5.828</b>	<b>63.438</b>	<b>35.414</b>	<b>111.314</b>	<b>(37.546)</b>	<b>(25.247)</b>	<b>9.140</b>	<b>(0.937)</b>	<b>(54.591)</b>	<b>(1.615)</b>	<b>(3.971)</b>	<b>32.070</b>	<b>17.388</b>	<b>43.872</b>	<b>55.584</b>
<b>EBITDA</b>	<b>196.242</b>	<b>24.250</b>	<b>23.378</b>	<b>81.482</b>	<b>53.847</b>	<b>182.957</b>	<b>(19.799)</b>	<b>(9.742)</b>	<b>24.645</b>	<b>14.568</b>	<b>9.671</b>	<b>13.890</b>	<b>11.534</b>	<b>47.575</b>	<b>32.893</b>	<b>105.892</b>	<b>117.604</b>
Interest Expense (Income), net	2.804	1.711	2.278	2.155	1.797	7.941	1.840	2.639	2.098	2.711	9.288	2.281	1.360	1.378	1.824	6.844	8.362
<b>Income Before Taxes</b>	<b>125.765</b>	<b>4.923</b>	<b>3.550</b>	<b>61.283</b>	<b>33.617</b>	<b>103.373</b>	<b>(39.386)</b>	<b>(27.886)</b>	<b>7.042</b>	<b>(3.648)</b>	<b>(63.879)</b>	<b>(3.897)</b>	<b>(5.331)</b>	<b>30.692</b>	<b>15.564</b>	<b>37.028</b>	<b>47.222</b>
Provision for Income Taxes	12.271	(0.875)	0.563	14.202	5.637	19.527	(10.783)	(6.188)	1.408	(0.730)	(16.292)	(0.779)	(1.066)	6.138	3.113	7.406	9.444
<b>Adjusted Net Income from Cont Ops Be</b>	<b>113.494</b>	<b>5.798</b>	<b>2.987</b>	<b>47.081</b>	<b>27.980</b>	<b>83.846</b>	<b>(28.603)</b>	<b>(21.698)</b>	<b>5.633</b>	<b>(2.919)</b>	<b>(47.587)</b>	<b>(3.117)</b>	<b>(4.265)</b>	<b>24.554</b>	<b>12.451</b>	<b>29.622</b>	<b>37.777</b>
Extraordinary Items, net of taxes	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>GAAP Net Income Before Discontinued</b>	<b>106.897</b>	<b>4.490</b>	<b>1.523</b>	<b>43.048</b>	<b>24.241</b>	<b>83.846</b>	<b>(114.810)</b>	<b>(46.639)</b>	<b>5.633</b>	<b>(2.919)</b>	<b>(47.587)</b>	<b>(3.117)</b>	<b>(4.265)</b>	<b>24.554</b>	<b>12.451</b>	<b>29.622</b>	<b>37.777</b>
<b>GAAP Weighted Avg Diluted EPS, Incl Dis</b>	<b>\$6.36</b>	<b>\$0.28</b>	<b>\$0.10</b>	<b>\$2.77</b>	<b>\$1.61</b>	<b>\$5.36</b>	<b>(\$7.86)</b>	<b>(\$3.19)</b>	<b>\$0.38</b>	<b>(\$0.20)</b>	<b>(\$3.25)</b>	<b>(\$0.21)</b>	<b>(\$0.29)</b>	<b>\$1.68</b>	<b>\$0.85</b>	<b>\$2.02</b>	<b>\$2.58</b>
<b>Non-GAAP Weighted Avg Diluted EPS, Ex</b>	<b>\$6.75</b>	<b>\$0.36</b>	<b>\$0.19</b>	<b>\$3.03</b>	<b>\$1.85</b>	<b>\$5.36</b>	<b>(\$1.96)</b>	<b>(\$1.48)</b>	<b>\$0.38</b>	<b>(\$0.20)</b>	<b>(\$3.25)</b>	<b>(\$0.21)</b>	<b>(\$0.29)</b>	<b>\$1.68</b>	<b>\$0.85</b>	<b>\$2.02</b>	<b>\$2.58</b>
Weighted Average Shares Outstanding - Basic	16,542	15,847	15,818	15,497	15,027	15,547	14,611	14,634	13,902	13,902	14,262	13,902	13,902	13,902	13,902	13,902	13,902
Weighted Average Shares Outstanding - Fully Diluted	16,805	16,107	15,859	15,546	15,101	15,653	14,611	14,634	14,634	14,634	14,628	14,634	14,634	14,634	14,634	14,634	14,634
<b>% of Sales Ratios</b>																	
Gross Margin (exclusive of D&A)	35.5	36.7	33.0	37.8	32.5	35.0	26.8	25.4	34.8	28.5	29.1	33.8	31.4	36.8	30.5	33.1	33.1
SG&A Ratio excluding Depreciation	25.3	30.8	27.5	22.2	22.0	25.2	34.6	28.1	28.2	25.0	28.4	29.6	28.1	25.2	23.0	26.2	25.1
D&A	3.5	4.3	4.2	3.4	3.6	3.8	7.0	4.2	4.1	3.7	4.5	4.7	4.5	3.8	3.5	4.1	4.2
SG&A Ratio including Depreciation	28.8	35.1	31.6	25.7	25.6	29.1	41.5	32.3	32.3	28.8	32.9	34.3	32.6	29.0	26.6	30.2	29.3
Operating Margin	6.6	1.6	1.4	12.1	6.9	6.0	(14.7)	(6.8)	2.4	(0.2)	(3.8)	(0.5)	(1.2)	7.8	4.0	2.9	3.8
Pretax Margin	6.5	1.2	0.8	11.7	6.6	5.5	(15.4)	(7.6)	1.9	(0.9)	(4.5)	(1.2)	(1.6)	7.4	3.5	2.4	3.2
Net Margin	5.9	1.4	0.7	9.0	5.5	4.5	(11.2)	(5.9)	1.5	(0.7)	(3.4)	(1.0)	(1.2)	5.9	2.8	1.9	2.6
Tax Rate	9.8	(17.8)	15.9	23.2	16.8	18.9	27.4	22.2	20.0	20.0	25.5	20.0	20.0	20.0	20.0	20.0	20.0
<b>YOY % changes</b>																	
Total Company Net Sales	5.0	(5.5)	(6.3)	0.4	(3.3)	(3.5)	(38.1)	(12.3)	(28.0)	(18.8)	(24.2)	28.3	(6.9)	9.3	5.3	7.3	(3.3)
Gross Profit (exclusive of D&A)	(3.6)	(6.2)	(10.3)	(3.1)	(0.1)	(4.7)	(54.8)	(32.5)	(33.8)	(28.8)	(37.1)	61.8	15.0	15.6	12.7	22.3	(3.4)
SG&A excluding Depreciation	5.4	7.1	(5.7)	(4.4)	(11.9)	(3.9)	(30.7)	(10.4)	(8.6)	(7.7)	(14.8)	9.7	(6.9)	(2.3)	(3.1)	(1.1)	(7.2)
Operating Income	(28.1)	(73.9)	(62.9)	(32.0)	61.5	(13.4)	(666.0)	(533.2)	(85.6)	(102.6)	(149.0)	(95.7)	(84.3)	(250.9)	(1955.2)	(180.4)	26.7
Pretax Income	(29.6)	(80.4)	(75.9)	(5.3)	58.6	(17.8)	(900.0)	(885.5)	(88.5)	(110.9)	(161.8)	(90.1)	(80.9)	335.9	(526.6)	(158.0)	27.5
Net Income	(20.9)	(82.5)	(74.4)	(7.0)	55.8	(26.1)	(593.3)	(826.4)	(88.0)	(110.4)	(156.8)	(89.1)	(80.3)	335.9	(526.6)	(162.2)	27.5
EPS	(14.6)	(80.8)	(73.0)	(1.4)	67.9	(20.7)	(643.8)	(887.2)	(87.3)	(110.8)	(160.7)	(89.1)	(80.3)	335.9	(526.6)	(162.2)	27.5
<b>Store Fundamentals</b>																	
Beginning Stores - Children's Place	1014	972	971	961	955	972	924	824	749	924	724	699	674	649	724	624	
Stores Opened - Children's Place	0	1	3	6	2	12	0	2	0	2	0	0	0	0	0	0	0
Stores Closed - Children's Place	42	2	13	12	33	60	4	98	75	25	202	25	25	25	25	100	20
Total Opened	0	1	3	6	2	12	0	2	0	0	2	0	0	0	0	0	0
Total Closed	42	2	13	12	33	60	4	98	75	25	202	25	25	25	25	100	20
Number of Stores at End of Period TOTAL	972	971	961	955	924	924	824	749	724	699	674	649	624	604			
Number of International Franchise Stores	235	250	265	265	265	266	281	291	301	301	316	331	341	351	351	401	
<b>Comparable Retail Sales Including DTC</b>	<b>4.6</b>	<b>(4.6)</b>	<b>(3.8)</b>	<b>0.8</b>	<b>(3.6)</b>	<b>(2.7)</b>	<b>NA</b>	<b>NA</b>	<b>(15.0)</b>	<b>(5.0)</b>	<b>(10.0)</b>	<b>50.0</b>	<b>0.0</b>	<b>20.0</b>	<b>15.0</b>	<b>21.3</b>	<b>2.0</b>
Same-Store Sales - The Children's Place	3.5	(4.4)	(3.8)	0.8	(3.6)	(2.8)	NA	NA	(15.0)	(5.0)	(10.0)	50.0	0.0	20.0	15.0	21.3	2.0
Same-Store Sales - The Children's Place	1.6	(6.4)	(3.8)	0.8	(3.6)	(3.3)	NA	NA	(15.0)	(5.0)	(10.0)	50.0	0.0	20.0	15.0	21.3	2.0
E-Commerce Comp	28.0	6.1	6.2	10.8	6.4	7.4	12.2	118.0	50.0	75.0	63.8	25.0	(25.0)	(20.0)	(10.0)	5.0	
Total Square Feet (end of year, millions)	4,500						4,300				3,403				2,955	2,865	
YOY % change	-5%						-4%				-21%				-13%	-3%	
Average Store Size (square feet)	4,655						4,641				4,674				4,717	4,740	
YOY % change	-1%						0%				1%				1%	0%	
Average Sales Per Store (millions)	\$1.796						\$1.815				\$1.584				\$2,078	\$2,205	
YOY % change	7%						1%				-13%				31%	6%	
Sales per Average Square Foot	\$323						\$319				\$306				\$397	\$420	
YOY % change	5%						-1%				-4%				30%	6%	

Source: Barclays Research, Company Filings.

Barclays | The Children's Place, Inc.

## ANNUAL P&amp;L

The Children's Place, Inc.

PLCE

Income Statement

FYE JAN

(\$ in millions)

	FY98A	FY99A	FY00A	FY01A	FY02A	FY03A	FY04A	FY05A	FY06A	FY07A	FY08A	FY09A	FY10A	FY11A	FY12A	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	
<b>Net Sales</b>	<b>283,853</b>	<b>421,496</b>	<b>587,385</b>	<b>656,956</b>	<b>671,409</b>	<b>797,938</b>	<b>994,125</b>	<b>1,171,036</b>	<b>1,405,429</b>	<b>1,520,329</b>	<b>1,630,323</b>	<b>1,643,587</b>	<b>1,673,999</b>	<b>1,715,862</b>	<b>1,809,486</b>	<b>1,765,789</b>	<b>1,761,324</b>	<b>1,725,777</b>	<b>1,785,316</b>	<b>1,870,275</b>	<b>1,938,195</b>	<b>1,870,668</b>	<b>1,418,433</b>	<b>1,522,324</b>	<b>1,471,705</b>	
Cost of Sales (exclusive of D&A)	166,449	241,188	339,407	377,286	422,721	476,884	592,295	663,737	794,985	924,187	954,227	991,393	1,013,878	1,050,213	1,118,046	1,107,348	1,139,144	1,113,848	1,157,116	1,250,656	1,215,399	1,006,184	1,018,151	984,595		
<b>Gross Profit</b>	<b>117,404</b>	<b>180,308</b>	<b>247,978</b>	<b>279,670</b>	<b>248,688</b>	<b>321,054</b>	<b>401,830</b>	<b>507,299</b>	<b>610,444</b>	<b>596,142</b>	<b>676,096</b>	<b>652,194</b>	<b>660,121</b>	<b>659,649</b>	<b>691,440</b>	<b>658,441</b>	<b>622,180</b>	<b>625,298</b>	<b>671,468</b>	<b>713,150</b>	<b>687,539</b>	<b>655,269</b>	<b>412,249</b>	<b>504,173</b>	<b>487,111</b>	
Selling, General & Administrative Expenses	73,343	108,622	155,784	176,103	194,907	238,177	291,705	354,765	435,758	479,142	478,606	455,011	457,177	477,425	510,918	483,244	462,585	451,787	454,052	466,115	491,297	472,312	402,577	398,281	369,507	
Asset Impairment Charges	0.000	0.000	0.000	0.000	3,170	0.448	0.164	0.244	0.418	16,565	6,491	2,200	2,713	2,208	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other Costs/DC Exit Costs	8,607	13,849	20,880	27,566	35,746	46,251	49,049	51,236	57,964	65,326	71,410	71,447	71,640	73,541	77,435	64,858	60,494	62,685	65,734	68,150	67,673	71,643	64,262	62,020	62,020	
Depreciation and Amortization	8,607	13,849	20,880	27,566	35,746	46,251	49,049	51,236	57,964	65,326	71,410	71,447	71,640	73,541	77,435	64,858	60,494	62,685	65,734	68,150	67,673	71,643	64,262	62,020	62,020	
<b>Adjusted Operating Income (Loss)</b>	<b>35,454</b>	<b>57,837</b>	<b>71,314</b>	<b>76,001</b>	<b>14,865</b>	<b>36,178</b>	<b>60,912</b>	<b>101,054</b>	<b>116,304</b>	<b>29,239</b>	<b>124,491</b>	<b>124,388</b>	<b>128,591</b>	<b>106,475</b>	<b>89,715</b>	<b>110,339</b>	<b>99,101</b>	<b>110,826</b>	<b>151,682</b>	<b>178,875</b>	<b>128,569</b>	<b>111,314</b>	<b>(54,591)</b>	<b>43,872</b>	<b>55,584</b>	
<b>EBITDA</b>	<b>44,061</b>	<b>71,686</b>	<b>92,194</b>	<b>103,567</b>	<b>50,611</b>	<b>82,429</b>	<b>109,961</b>	<b>152,290</b>	<b>174,268</b>	<b>94,565</b>	<b>195,901</b>	<b>195,835</b>	<b>200,231</b>	<b>180,016</b>	<b>167,150</b>	<b>175,197</b>	<b>159,595</b>	<b>173,511</b>	<b>217,416</b>	<b>247,034</b>	<b>196,242</b>	<b>182,957</b>	<b>9,671</b>	<b>105,892</b>	<b>117,604</b>	
Interest Expense (Income), net	0.434	1,400	1,163	0.252	(0.547)	(0.255)	0.178	0.753	(2,707)	0.366	4,939	4,824	1,602	0,690	0,020	(0,265)	0.168	0,698	0,395	0,307	2,804	7,941	9,288	6,844	8,362	
<b>Income Before Taxes</b>	<b>35,020</b>	<b>57,437</b>	<b>70,151</b>	<b>75,749</b>	<b>15,412</b>	<b>36,433</b>	<b>60,734</b>	<b>100,301</b>	<b>119,011</b>	<b>28,873</b>	<b>119,552</b>	<b>119,564</b>	<b>126,989</b>	<b>105,785</b>	<b>89,695</b>	<b>110,604</b>	<b>98,933</b>	<b>110,128</b>	<b>151,287</b>	<b>178,568</b>	<b>125,765</b>	<b>103,373</b>	<b>(63,879)</b>	<b>37,028</b>	<b>47,222</b>	
Provision for Income Taxes	14,358	22,388	27,461	29,167	6,478	13,851	23,729	37,774	34,740	18,913	48,308	48,869	47,644	33,718	26,452	23,522	22,987	35,542	44,677	35,029	12,271	19,527	(16,292)	7,406	9,444	
<b>Adjusted Net Income from Cont Ops Be</b>	<b>20,662</b>	<b>35,049</b>	<b>42,690</b>	<b>46,582</b>	<b>8,934</b>	<b>22,582</b>	<b>62,527</b>	<b>84,271</b>	<b>9,960</b>	<b>71,244</b>	<b>70,693</b>	<b>79,345</b>	<b>72,067</b>	<b>63,243</b>	<b>53,026</b>	<b>66,851</b>	<b>74,588</b>	<b>103,015</b>	<b>143,539</b>	<b>113,494</b>	<b>83,846</b>	<b>(47,587)</b>	<b>29,622</b>	<b>37,777</b>		
Extraordinary Items, net of taxes	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
<b>GAAP Net Income Before Discontinued</b>	<b>20,662</b>	<b>35,049</b>	<b>42,690</b>	<b>46,582</b>	<b>8,934</b>	<b>22,582</b>	<b>37,278</b>	<b>64,192</b>	<b>84,271</b>	<b>41,360</b>	<b>79,166</b>	<b>83,735</b>	<b>79,760</b>	<b>74,345</b>	<b>56,888</b>	<b>57,884</b>	<b>102,336</b>	<b>84,698</b>	<b>106,897</b>	<b>83,846</b>	<b>(47,587)</b>	<b>29,622</b>	<b>37,777</b>			
<b>GAAP Weighted Avg Diluted EPS, Incl Dic</b>	<b>\$0.80</b>	<b>\$1.32</b>	<b>\$1.60</b>	<b>\$1.73</b>	<b>\$0.33</b>	<b>\$0.84</b>	<b>\$1.35</b>	<b>\$2.24</b>	<b>\$2.82</b>	<b>\$1.40</b>	<b>\$2.70</b>	<b>\$2.45</b>	<b>\$2.88</b>	<b>\$2.81</b>	<b>\$3.26</b>	<b>\$3.05</b>	<b>\$3.60</b>	<b>\$5.43</b>	<b>\$7.91</b>	<b>\$6.75</b>	<b>\$5.36</b>	<b>(3.25)</b>	<b>\$2.02</b>	<b>\$2.58</b>		
<b>Non-GAAP Weighted Avg Diluted EPS, Ex</b>	<b>\$0.80</b>	<b>\$1.32</b>	<b>\$1.60</b>	<b>\$1.73</b>	<b>\$0.33</b>	<b>\$0.84</b>	<b>\$1.35</b>	<b>\$2.24</b>	<b>\$2.82</b>	<b>\$1.40</b>	<b>\$2.70</b>	<b>\$2.45</b>	<b>\$2.88</b>	<b>\$2.81</b>	<b>\$3.26</b>	<b>\$3.05</b>	<b>\$3.60</b>	<b>\$5.43</b>	<b>\$7.91</b>	<b>\$6.75</b>	<b>\$5.36</b>	<b>(3.25)</b>	<b>\$2.02</b>	<b>\$2.58</b>		
Weighted Average Shares Outstanding - Bas	25,909	25,847	26,262	26,501	26,646	26,919	27,676	28,828	29,090	29,307	28,463	27,084	25,459	24,092	22,537	21,681	20,438	18,584	17,569	16,542	15,547	14,262	13,902			
Weighted Average Shares Outstanding - Full	25,909	26,648	26,668	26,964	26,978	27,042	27,545	28,687	29,907	29,648	29,548	28,707	27,436	25,668	24,276	22,835	21,924	20,702	18,959	18,151	16,805	15,653	14,628	14,634		
Dividend																0.000	0.530	0.000	\$1,600	\$2,000	\$2,2400	\$0.0000	\$0.0000	\$0.0000		
<b>% of Sales Ratios</b>																										
Gross Margin (exclusive of D&A)	41.4	42.8	42.2	42.6	37.0	40.2	40.4	43.3	43.4	39.2	41.5	39.7	39.4	38.4	38.2	37.3	35.3	36.2	37.6	38.1	35.5	35.0	29.1	33.1	33.1	
SG&A Ratio excluding Depreciation	25.8	25.8	26.5	26.8	29.5	29.9	30.3	31.0	32.6	29.8	27.8	27.5	27.8	27.8	27.8	27.8	26.3	26.2	25.4	24.9	25.3	25.2	28.4	26.2	25.1	
D&A	3.0	3.3	3.6	4.2	5.3	5.8	4.9	4.4	4.1	4.3	4.4	4.3	4.3	4.3	4.3	4.3	3.7	3.4	3.6	3.7	3.5	3.8	4.5	4.1	4.2	
SG&A Ratio including Depreciation	28.9	29.1	30.1	31.0	34.8	35.7	34.3	34.7	35.2	36.9	34.1	32.2	31.8	32.1	32.3	31.0	29.7	29.8	29.1	28.6	28.8	29.1	32.9	30.2	29.3	
Operating Margin	12.5	13.7	12.1	11.6	2.2	4.5	6.1	8.6	8.3	1.9	7.6	7.7	6.2	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.6	6.0	(3.8)	2.9	3.8	
Pretax Margin	12.3	13.6	11.9	11.5	2.3	4.6	6.1	8.6	8.5	1.9	7.3	7.3	6.2	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	5.5	(4.5)	2.4	3.2	
Net Margin	7.3	8.3	7.3	7.1	1.8	2.9	3.7	5.4	6.0	2.1	4.5	4.4	4.3	4.2	4.3	4.2	4.3	4.0	4.2	4.0	4.2	4.0	4.0	4.0	2.6	
Tax Rate	41.0	39.0	39.1	38.5	42.0	38.0	39.1	37.7	29.2	65.5	40.4	37.5	31.9	29.5	21.3	23.2	29.5	29.1	29.8	28.1	28.0	27.5	27.5	27.5	20.0	
<b>YOY % changes</b>																										
Total Company Net Sales	N/A	48.5	39.4	11.8	2.2	18.8	24.6	17.8	20.0	8.2	7.2	0.8	1.9	2.5	5.5	(2.4)	(0.3)	(2.0)	3.4	3.4	5.0	(3.5)	(24.2)	7.3	(3.3)	
Gross Profit (exclusive of D&A)	N/A	53.6	37.5	12.8	(11.1)	29.1	25.2	26.2	20.3	(2.3)	13.4	(3.5)	1.2	(0.1)	4.8	(4.8)	5.5	0.5	7.4	6.2	(3.6)	(4.7)	(37.1)	22.3	(3.4)	
SG&A excluding Depreciation	N/A	48.1	43.4	13.0	10.7	22.2	22.5	21.6	22.8	10.0	(0.1)	(4.9)	0.5	4.4	7.0	(5.4)	4.3	(2.3)	0.5	2.7	5.4	(3.9)	(14.8)	2.2	(7.2)	
Operating Income	N/A	63.1	23.3	6.6	(76.3)	103.1	66.8	65.9	15.2	(55.7)	14.0	(0.3)	4.4	(17.2)	(5.1)	7.0	(10.2)	11.8	36.9	17.9	(28.1)	(13.4)	(149.0)	26.7		
Pretax Income	N/A	64.0	22.1	8.0	(75.5)	98.5	65.1	65.1	18.8	(57.0)	13.6	(0.2)	7.3	(16.7)	(4.6)	7.3	(10.6)	11.3	37.4	18.0	(29.6)	(17.8)	(161.8)	27.5		
Net Income	N/A	69.6	21.8	9.1	(74.0)	90.3	61.4	68.9	34.9	(61.7)	12.8	(1.1)	13.9	(3.5)	3.2	(12.8)	(1.8)	12.0	42.9	34.6	(20.9)	(26.1)	(156.8)	27.5		
EPS	N/A	21.7	7.9	(80.8)	152.2	65.3	25.9	(50.5)	93.3	(9.3)	17.6	(2.3)	15.7	(3.6)	0.3	(6.4)	18.2	45.5	(14.6)	20.7	(2.7)	(351)	401			
<b>Store Fundamentals</b>																										
Beginning Stores - Children's Place	155	209	293	400	520	643	691	750	802	866	904	917	947	995	1049	1095	1107	1097	1069							

Barclays | The Children's Place, Inc.

**ANALYST(S) CERTIFICATION(S):**

I, Adrienne Yih, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**IMPORTANT DISCLOSURES**

Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

**Availability of Disclosures:**

Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to <https://publicresearch.barclays.com> or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to <https://publicresearch.barcap.com/S/RD.htm>. In order to access Barclays Research Conflict Management Policy Statement, please refer to: <https://publicresearch.barcap.com/S/CM.htm>.

**Primary Stocks (Ticker, Date, Price)**

**The Children's Place, Inc. (PLCE, 24-Aug-2020, USD 23.31), Equal Weight/Neutral, CE/J**

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available price at the time of publication.

**Disclosure Legend:**

**A:** Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

**B:** An employee or non-executive director of Barclays PLC is a director of this issuer.

**CD:** Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.

**CE:** Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.

**D:** Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**E:** Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

**FA:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.

**FB:** Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FC:** Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FD:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.

**GD:** One of the Research Analysts on the fundamental credit coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**GE:** One of the Research Analysts on the fundamental equity coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**H:** This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.

**I:** Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.

**J:** Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.

Barclays | The Children's Place, Inc.

## IMPORTANT DISCLOSURES CONTINUED

**K:** Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.

**L:** This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

**M:** This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

**N:** This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

**O:** Not in use.

**P:** A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

**Q:** Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

**R:** Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**S:** This issuer is a Corporate Broker to Barclays PLC.

**T:** Barclays Bank PLC and/or an affiliate is providing equity advisory services to this issuer.

**U:** The equity securities of this Canadian issuer include subordinate voting restricted shares.

**V:** The equity securities of this Canadian issuer include non-voting restricted shares.

### Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

### Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

### Stock Rating

**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Underweight** - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Rating Suspended** - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

### Industry View

**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

### U.S. Specialty Retail, Apparel & E-Commerce

American Eagle Outfitters, Inc. (AEO)	Burlington Stores, Inc. (BURL)	Canada Goose Holdings, Inc. (GOOS)
Capri Holdings Limited (CPRI)	DICK'S Sporting Goods, Inc. (DKS)	Foot Locker, Inc. (FL)
G-III Apparel Group, LTD. (GIII)	Hanesbrands Inc. (HBI)	Kontoor Brands, Inc. (KTB)
L Brands, Inc. (LB)	lululemon athletica inc. (LULU)	National Vision Holdings, Inc. (EYE)
Nike, Inc. (NKE)	Nordstrom, Inc. (JWN)	PVH Corp. (PVH)
Ralph Lauren Corporation (RL)	RH (RH)	Ross Stores, Inc. (ROST)
Tapestry, Inc. (TPR)	The Children's Place, Inc. (PLCE)	The Gap, Inc. (GPS)
The TJX Companies, Inc. (TJX)	Ulta Beauty, Inc. (ULTA)	Under Armour, Inc. (UAA)
Urban Outfitters, Inc. (URBN)	V.F. Corporation (VFC)	Wayfair Inc. (W)

Barclays | The Children's Place, Inc.

## IMPORTANT DISCLOSURES CONTINUED

Williams-Sonoma, Inc. (WSM)

---

### Distribution of Ratings:

Barclays Equity Research has 1580 companies under coverage.

45% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 51% of companies with this rating are investment banking clients of the Firm; 74% of the issuers with this rating have received financial services from the Firm.

37% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 44% of companies with this rating are investment banking clients of the Firm; 68% of the issuers with this rating have received financial services from the Firm.

15% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 29% of companies with this rating are investment banking clients of the Firm; 59% of the issuers with this rating have received financial services from the Firm.

### Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

### Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. Barclays Equity Research publishes "Top Picks" reports every quarter and analysts may also publish intra-quarter changes to their Top Picks, as necessary. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. To view the current list of Top Picks, go to the Top Picks page on Barclays Live (<https://live.barcap.com/go/keyword/TopPicks>).

To see a list of companies that comprise a particular industry coverage universe, please go to <https://publicresearch.barclays.com>.

### Types of investment recommendations produced by Barclays Equity Research:

In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

### Disclosure of other investment recommendations produced by Barclays Equity Research:

Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to <https://live.barcap.com/go/research/Recommendations>.

### Legal entities involved in producing Barclays Research:

Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong Branch (Barclays Bank, Hong Kong)

Barclays Capital Canada Inc. (BCCI, Canada)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

Barclays Bank PLC, India Branch (Barclays Bank, India)

Barclays Bank PLC, Singapore Branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

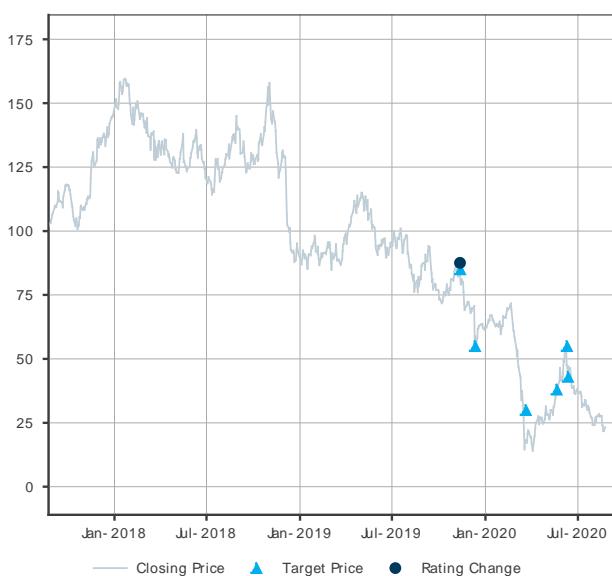
Barclays | The Children's Place, Inc.

## IMPORTANT DISCLOSURES CONTINUED

**The Children's Place, Inc. (PLCE / PLCE)**  
**USD 23.31 (24-Aug-2020)**

Stock Rating

Industry View

**EQUAL WEIGHT****NEUTRAL****Rating and Price Target Chart - USD (as of 24-Aug-2020)****Currency=USD**

Publication Date	Closing Price	Rating	Adjusted Price Target
11-Jun-2020	45.19		43.00
09-Jun-2020	47.70		55.00
20-May-2020	36.84		38.00
20-Mar-2020	18.25		30.00
11-Dec-2019	54.31		55.00
12-Nov-2019	83.23	Equal Weight	85.00

Source: Bloomberg, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

CE: Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by The Children's Place, Inc..

J: Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities by The Children's Place, Inc. and/or in any related derivatives.

**Valuation Methodology:** Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS estimate of \$2.58.**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to our rating include: 1) reduced consumer demand due to Covid-19, 2) launch of Gymboree product fails to resonate, 3) pricing pressure in the children's sector, offset by 1) launch of Gymboree brand, 2) dominant player in the affordable children's apparel market, and 3) commitment to rebalancing and closing four-wall profitable stores as sales shift online.

**DISCLAIMER:**

This publication has been produced by Barclays Research Department in the Investment Bank of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been prepared for institutional investors and not for retail investors. It has been distributed by one or more Barclays affiliated legal entities listed below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. To the extent that this publication states on the front page that it is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors under U.S. FINRA Rule 2242, it is an "institutional debt research report" and distribution to retail investors is strictly prohibited. Barclays also distributes such institutional debt research reports to various issuers, media, regulatory and academic organisations for their own internal informational news gathering, regulatory or academic purposes and not for the purpose of making investment decisions regarding any debt securities. Media organisations are prohibited from re-publishing any opinion or recommendation concerning a debt issuer or debt security contained in any Barclays institutional debt research report. Any such recipients that do not want to continue receiving Barclays institutional debt research reports should contact [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Clients that are subscribed to receive equity research reports, will not receive certain cross asset research reports co-authored by equity and FICC research analysts that are distributed as "institutional debt research reports" unless they have agreed to accept such reports. Eligible clients may get access to such cross asset reports by contacting [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Barclays will not treat unauthorized recipients of this report as its clients and accepts no liability for use by them of the contents which may not be suitable for their personal use. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the information or opinions contained in any written, electronic, audio or video presentations of third parties that are accessible via a direct hyperlink in this publication or via a hyperlink to a third-party web site ('Third-Party Content'). Any such Third-Party Content has not been adopted or endorsed by Barclays, does not represent the views or opinions of Barclays, and is not incorporated by reference into this publication. Third-Party Content is provided for information purposes only and Barclays has not independently verified its accuracy or completeness.

The views in this publication are solely and exclusively those of the authoring analyst(s) and are subject to change, and Barclays Research has no obligation to update its opinions or the information in this publication. Unless otherwise disclosed herein, the analysts who authored this report have not received any compensation from the subject companies in the past 12 months. If this publication contains recommendations, they are general recommendations that were prepared independently of any other interests, including those of Barclays and/or its affiliates, and/or the subject companies. This publication does not contain personal investment recommendations or investment advice or take into account the individual financial circumstances or investment objectives of the clients who receive it. The securities and other investments discussed herein may not be suitable for all investors. Barclays is not a fiduciary to any recipient of this publication. Investors must independently evaluate the merits and risks of the investments discussed herein, consult any independent advisors they believe necessary, and exercise independent judgment with regard to any investment decision. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results. The information provided does not constitute a financial benchmark and should not be used as a submission or contribution of input data for the purposes of determining a financial benchmark.

**United Kingdom:** This document is being distributed (1) only by or with the approval of an authorised person (Barclays Bank PLC) or (2) to, and is directed at (a) persons in the United Kingdom having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (c) other persons to whom it may otherwise lawfully be communicated (all such persons being "Relevant Persons"). Any investment or investment activity to which this communication relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this communication should not rely on or act upon it. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

**European Economic Area ("EEA"):** This material is being distributed in the EEA by Barclays Bank PLC. Barclays Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel.

**Americas:** The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of IROC ([www.iroc.ca](http://www.iroc.ca)), and a Member of the Canadian Investor Protection Fund (CIPF).

This material is distributed in Mexico by Barclays Bank Mexico, S.A. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has not filed this material with any regulatory body in those jurisdictions.

**Japan:** This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

**Asia Pacific (excluding Japan):** Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

All Indian securities-related research and other equity research produced by Barclays' Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker INZ000269539 (member of NSE and BSE); Depository Participant with the National Securities & Depositories Limited (NSDL); DP ID: IN-DP-NSDL-299-2008; Investment Adviser: INA000000391. BSIPL is also registered as a Mutual Fund Advisor having AMFI ARN No. 53308. The registered office of BSIPL is at 208, Ceejay House, Shivasagar Estate, Dr. A. Besant Road, Worli, Mumbai – 400 018, India. Telephone No: +91 22 67196363. Fax number: +91 22 67196399. Any other reports produced by Barclays' Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INBI00000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI CoR-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays' Investment Bank.

This material is distributed in Singapore by the Singapore Branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

This material is distributed to persons in Australia by Barclays Bank PLC or one of the Barclays group entities. None of Barclays Bank PLC, nor such Barclays group entity, holds an Australian financial services licence and instead relies on an exemption from the requirement to hold such a licence. This material is intended to only be distributed to "wholesale clients" as defined by the Australian Corporations Act 2001. This material is distributed in New Zealand by Barclays Bank PLC, but it has not been registered, filed or approved by any New Zealand regulatory authority or under or in accordance with the Financial Markets Conduct Act of 2013, and this material is not a disclosure document under New Zealand law.

**Middle East:** Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 ("Advisory Law"). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.

This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

**Russia:** This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

**IRS Circular 230 Prepared Materials Disclaimer:** Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2020). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.



